

Message Text

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C O N F I D E N T I A L LISBON 6281

E.O. 11652: GDS

TAGS: ELAB, EAID, PO

SUBJECT: GOP MOVES TO REFORM LABOR LAWS

REF: LISBON 6245

SUMMARY: THE MINISTRY OF LABOR HAS ANNOUNCED FORTHCOMING
LEGISLATION DESIGNED TO RESTORE LABOR PRODUCTIVITY.
END SUMMARY.

1. MINISTRY OF LABOR CALLED ON SEPT 13 FOR LABOR AND BUSINESS
GROUPS TO SUGGEST NECESSARY MODIFICATIONS IN LABOR LAWS.
PROPOSALS MADE DURING NEXT FIFTEEN DAYS BY THOSE GROUPS
WILL BE CONSIDERED FOR INCORPORATION IN NEW LABOR LEGISLATION
WHICH GOVERNMENT HAS NEARLY READY TO SUBMIT TO NATIONAL
ASSEMBLY.

2. PROPOSED LABOR LEGISLATION WILL DEAL WITH FOLLOWING
MATTERS.

-- MODIFICATION OF LAW REGULATING COLLECTIVE CONTRACTS;
-- REGULATE THE TRANSFER OF MANAGEMENT RIGHTS AND
NORMALIZE SITUATION OF COMPANIES UNDER WORKER MANAGE-
MENT (AUTOGESTAO);
-- REGULATE TEMPORARY LABOR CONTRACTS;
-- CLARIFY PROCEDURES FOR FIRINGS FOR JUST CAUSE;
-- NEW LEGISLATION ON CONDITIONS AFFECTING RURAL,
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DOMESTIC, AND FOREIGN LABOR.

3. COMMENT: ACTION BY LABOR MINISTRY IS DIRECT FOLLOW-ON TO ECONOMIC PROGRAM OUTLINED IN PRIME MINISTER'S SEPT 9 SPEECH. GOP RECOGNIZES RESTORING LABOR PRODUCTIVITY IS IMPORTANT KEY TO ECONOMIC RECOVERY. PROPOSED LEGISLATION IS DESIGNED TO DEAL WITH MOST GLARING OF SEVERAL PROBLEM AREAS.

4. WITH REFERENCE TO SPECIFIC MEASURES, THE MODIFICATION TO THE LAW ON COLLECTIVE CONTRACTS IS EXPECTED TO LIMIT UNAUTHORIZED STRIKES AND WORK STOPPAGES. CURRENT LEGISLATION ON THESE MATTERS IS TOTALLY INEFFECTIVE.

5. THE LABOR ADVISOR TO PRIME MINISTER SOARES TOLD LABATT SEPT 12 THAT WORKER MANAGEMENT HAS BEEN "UNMITIGATED DISASTER" EXCEPT IN A FEW SMALL COMPANIES. EVEN THOUGH SOCIALIST PROGRAM ENDORSES WORKER MANAGEMENT, IN PRACTICE IT IS A CONCEPT WHICH NEEDS TO BE WORKED OUT GRADUALLY OVER A LONG PERIOD OF TIME. IN MEANTIME, THE LABOR ADVISOR INDICATED THE GOVERNMENT IS CONCERNED WITH RETURNING MANAGEMENT EXPERTISE TO COMPANIES.

6. REGULATION OF TEMPORARY LABOR CONTRACTS IS EXPECTED TO CLARIFY THAT SHORT-TERM WORKERS DO NOT ACQUIRE RIGHTS FOR TENURE OR INDEMNIZATION UPON TERMINATION OF CONTRACT. PRESENT UNCERTAINTY OF PRACTICE MAKES MANY COMPANIES RELUCTANT TO HIRE NEEDED TEMPORARY WORKERS. LIKEWISE, PROCEDURES CURRENTLY REGULATING DISMISSALS OF WORKERS FOR JUST CAUSE ARE SO COMPLEX THAT, FOR PRACTICAL EFFECTS, ALMOST ALL DISMISSALS ARE PROHIBITED. MODIFICATION OF THIS SITUATION IS ESSENTIAL IF PRODUCTIVITY IS TO BE RESTORED.

7. THE GOP HAS ALREADY PUBLICLY STATED ITS INTENTIONS TO TAKE THE HARD, UNPOPULAR MEASURES NECESSARY. IT IS NOW STARTING THE PROCESS TO MAKE THESE INTENTIONS EFFECTIVE.
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